2011

MHS Stakeholder's Report

The Quadruple Aim:
Working Together, Achieving Success

Report Documentation Page

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Table of Contents

1.0

Assistant Secretary of Defense for Health Affairs

Dr. Jonathan Woodson

For over 20 years, I've been proud to wear the Army uniform — as an officer and physician. And now, I have the great opportunity to serve in a civilian capacity as a member of this Administration, and as a partner with you in leading the Military Health System. I have always been attracted to the military culture's preference for innovation and distaste for the status quo. The achievements of military medicine on the battlefield, in the operating room, and throughout military hospitals and clinics are testament to this virtue.

The 2011 MHS Stakeholders' Report captures this facet of our culture — an honest appraisal of our performance. We look at the facts, and at how we performed against the goals we have set for our system. Both from my time in uniform and my time in Boston, I am deeply familiar with the MHS' strategic framework, the Quadruple Aim. Readiness is always at the center of our strategy, surrounded by the critical imperatives that support the patient experience of care; population health and properly managing cost for each member we serve.

As we enter our 10th year of combat experience, I know that we are proud of our medical achievements, yet reluctant to celebrate them. Our advancement of medical knowledge has come at a great human cost. Even as we continue to save more lives from war wounds than ever experienced, in 2011 we must continue to ensure our wounded service members and their families receive timely attention, service and high quality care — whether from our own military providers or from our civilian partners. We must push our system to understand and disseminate the latest medical research we have supported, particularly in the areas of brain trauma, behavioral health, and other injuries and illnesses that are a direct consequence of deployment.

With a shared strategy, with a strong foundation of achievement, and with an abiding faith that we can still do better. Our goals for 2011 begin here.

2.0

Surgeon General of the Air Force

Lt. Gen. Charles B. Green

"**T**rusted Care Anywhere" is the mantra of the Air Force Medical Service (AFMS). Our priorities align with Air Force priorities to ensure mission success and support the Quadruple Aim. We embrace our heritage of innovation and relentlessly pursue advances to enhance safety, effectiveness, and efficiency of care we deliver to beneficiaries and support we provide to Combatant Commanders.

Readiness is our mission. By leveraging our unique expeditionary capabilities with our global aeromedical evacuation system, the AFMS has treated and safely returned over 77,600 patients from theaters of operation. Together with joint and coalition partners, we are transforming homeland defense and deployable capabilities across the spectrum of operations from building partnership capabilities to combat operations.

Understanding the value of patient-centered care, the AFMS is leaning forward to build the largest network of Patient-Centered Medical Homes (PCMH) in the United States. Our focus is on achieving BETTER HEALTH and BETTER CARE of our airmen and their families through delivery of preventive and comprehensive care. With 340,000 patients enrolled today to PCMH, we are demonstrating BEST VALUE through reduced emergency room visits, increased access, continuity of care, patient satisfaction, and better information for providers and health-care teams to make decisions.

Sustainability is essential and we are investing in education, training and research to ensure a steady pipeline of medics will always be READY for our nation's call. We partner with civilian institutions, Veteran's Affairs and joint partners to build the next generation of care and capability. Through these efforts, we sustain currency; improve survivability of our wounded warriors, and enable the transfer of knowledge to change the practice of medicine.

Trust is the foundation of our military and medical professions. By executing our strategies, we are confident the AFMS will continue to provide world class care and continue to shape the future of military health care.

3.0

The Surgeon General/Commander U.S. Army Medical Command

Lt. Gen. Eric B. Schoomaker

Army Medicine continues to make great strides in promoting, sustaining and enhancing soldier well-being and delivering leading-edge health services to our warriors and their families. We are leveraging technology and innovation to train, develop and equip our medical force to support full spectrum operations.

To provide value to our stakeholders, Army Medicine is shifting from a health care system that measures success by the numbers of patients treated and procedures performed to a system of health that promotes and protects health — a system that prevents patients from needing treatment, and treats them as reliably and effectively as possible should it be required. We have changed our system from a focus on episodes of care to a lifelong commitment to optimal clinical outcomes of the care we provide. This is a dramatic change from the old way of doing business, but we believe it is what our patients and families except of us. We believe it will also result in the most efficient use of resources within the Army health care system.

We recently launched a series of initiatives geared toward improving the care for our soldiers and their families. Among these initiatives is the Comprehensive Behavioral Health System of Care (CBHSOC) which will standardize, coordinate and synchronize behavioral health services across the Army and throughout the Army Force Generation (ARFORGEN) cycle. Another major initiative recently undertaken was the creation of the Pain Management Task Force, the goal of which is to implement a comprehensive pain management strategy that is holistic, inter-disciplinary and multimodal in its approach and provides optimal quality of life for patients with acute and chronic pain. In addition, we realigned and consolidated our regional medical commands with the TRICARE regions and created a Public Health Command to provide central control for health promotion, preventive medicine and veterinary services. Finally, we are returning to the root of service to our patients: A "Culture of Trust" within Army Medicine which tightens the bond to the soldiers and families we serve.

Our goal and our pledge is nothing less than to protect the health of our soldiers and families and to provide the absolute best health care possible. Army Medicine: Bringing Value…Inspiring Trust!

4.0

Surgeon General of the Navy's Bureau of Medicine and Surgery

Vice Adm. Adam J. Robinson

Navy Medicine is a thriving, global health care system fully engaged and integrated in providing high quality health care to beneficiaries in wartime and in peacetime. Our highly trained personnel deploy with sailors and Marines worldwide — providing critical mission support aboard ship, in the air, under the sea and on the battlefield. At the same time, Navy Medicine's military and civilian health care professionals are providing care for uniformed services' family members and retirees at military treatment facilities around the globe. Every day, no matter what the environment, Navy Medicine is ready to care for those in need, providing world class care, anytime, anywhere.

As we enter 2011, we find ourselves at an important crossroads for military medicine. The operational tempo of today's military has been unrelenting. Meeting the increased demand for health care providers both in the military and civilian world is a challenge facing us all. How we collectively respond to these challenges will likely set the stage for decades to come. During the long wars in Iraq and Afghanistan, we've made incredible advancements in how we care for and treat our heroes and our caregivers, including the lowest mortality rate amongst trauma victims coming out of the war. As operations in Iraq wind down, we must maintain keen focus on our contributions to Afghanistan and our commitment to our wounded warriors and their families. We must anticipate caring for them for the rest of this century, when the young sailors and Marines of today mature into our aging heroes of tomorrow.

Regardless of the challenges ahead, Navy Medicine is well-positioned for the future. As I complete my last year as the Navy's Surgeon General, I am confident that we will overcome any obstacles in our ability to meet our world-wide operational demands and continue our commitment to provide high-quality patient- and family-centered care to our growing number of beneficiaries.

5.0

Coast Guard Director of Health, Safety and Work-Life

Rear Adm. Mark J. Tedesco

As America's premier Maritime Guardian, the Coast Guard is a military, multi-mission force Always Ready to respond to all hazards and threats. The Coast Guard Health, Safety and Work-Life (HSWL) Directorate guards the Guardians, continuously ensuring Coast Guard personnel are Always Ready to accomplish the mission. Whether responding to catastrophic natural disasters, unprecedented oil spills, operational mishaps or an influenza pandemic, HSWL team members ensure Coast Guard Guardians are continuously able to meet operational requirements.

The HSWL Directorate's 2011 strategic vision and business plan aligns with the MHS Quadruple Aim and provides the strategic compass that guides the program in the execution of its mission. Under the guidance of the Quad Aim, the HSWL program's focus for 2011 is:

- Providing for a medically ready and protected Coast Guard Active Duty and Reserve Force (Readiness)
- Maintaining and developing an operational capability and operationally ready medical force (Readiness)
- Implementing a state-of-the-art electronic and personal health record that facilitates readiness, pop health, enhanced documentation and billing transparency (all Quad Aim elements)
- Increasing Coast Guard members' and their families' resilience through extensive use of the Health Risk Behavior survey results, improvements in the Coast Guard's Sexual Assault Prevention and Response Program and assurance of individual medical readiness factors (Readiness and Pop Health)
- Standing up the Coast Guard Patient-Centered Medical Home program to implement policy and practices that improve outcomes, quality and patient satisfaction (Experience of Care)
- Implementing the Medical Encounter Review System (MERS), a standardized, empirical patient satisfaction survey tied to a provider peer review that fully assesses the experience of care
- Maturing our business planning process to tie budgetary allocations with strategic initiatives (Per Capita Cost)

The Coast Guard will continue to work closely with the MHS to fully realize all initiatives guided by the Quad Aim. The Health, Safety and Work-Life Directorate will ensure Coast Guard Guardians are continuously able to meet the expectations of all stakeholders.

6.0

MHS by the Numbers - A Week in the Life of the MHS

The Military Health System (MHS) is a $49 billion organization that provides health services to 9.6 million beneficiaries across a range of care venues, from the forward edge of the battlefield to traditional hospitals and clinics at fixed locations. To get a better sense of the size, complexity and amount of care being delivered, here is a numerical snapshot of a week in the life of the MHS.

23,300 inpatient admissions

- 5,100 direct care
- 18,200 purchased care

1.8 million outpatient visits

- 809,000 direct care
- 1.001 million purchased care

2,400 births

- 1,000 direct care
- 1,400 purchased care

12.6 million electronic health record messages

2.6 million prescriptions

- 924,000 direct care
- 1.44 million retail pharmacy
- 228,000 home delivery

231,000 behavioral health outpatient services

- 52,000 direct care
- 179,200 purchased care

3.5 million claims processed

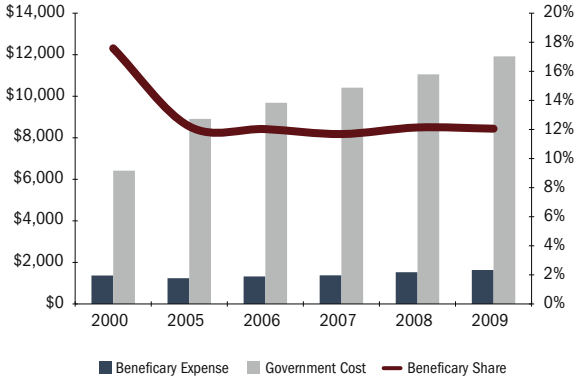
The next several pages provide a look at the trends that reflect the changing health care environment at MHS.

6.0

MHS by the Numbers – Overall Cost Trends

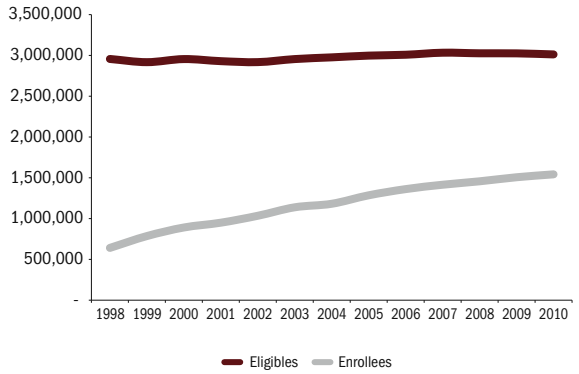
The total cost of operating the MHS has risen over the past 10 years, but the total out of pocket expense for TRICARE beneficiaries has not increased. The MHS is seeking ways to "bend the cost curve" while continuing to improve readiness, population health and health care outcomes.

Total TRICARE Health Care Cost & Beneficiary Share (Family of Three)



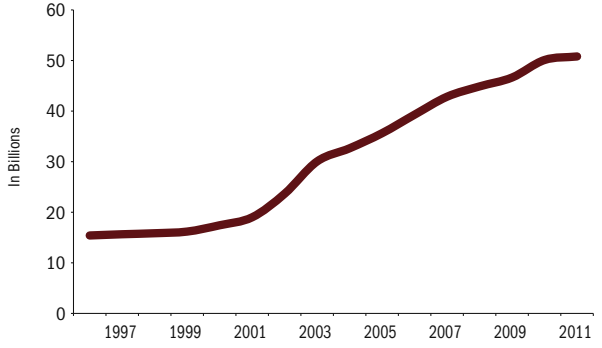
Out of pocket costs for TRICARE beneficiaries have decreased slightly at a time when members of other health plans have seen rising health care costs.

Eligible & Enrolled Population (Retiree and Retiree Family Members Under Age 65)



Between 1998 and 2010 more retirees/retiree family members have taken advantage of the TRICARE Prime benefit.

Total MHS Budget



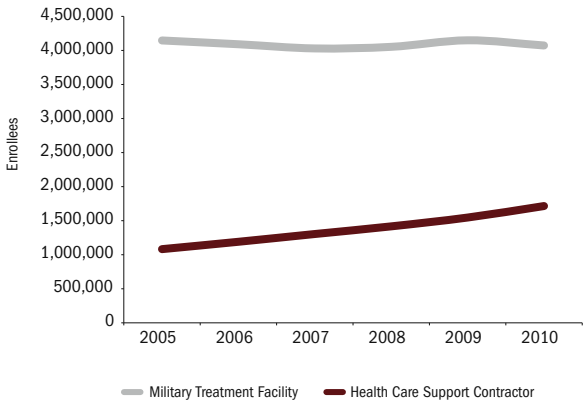
Over the past 15 years, the MHS budget has grown to more than $49B per year due to rising health care costs, more users, the ongoing wars in Iraq and Afghanistan and other factors.

6.0

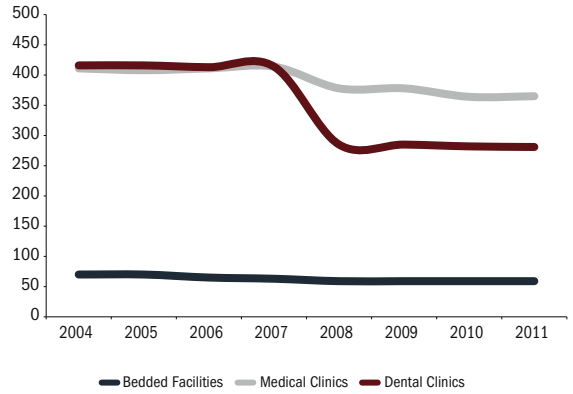
MHS by the Numbers – Military Treatment Facility (MTF) and Purchased Care Contributions to Care Delivery

The eligible population for the MHS has grown by 400,000 since 2007 and the proportion of eligible beneficiaries choosing TRICARE Prime has also grown. At the same time, the direct care system has contracted, dropping from 70 hospitals in 2004 to 59 in 2009. While direct care outpatient workload has been relatively constant, purchased care workload has grown significantly to handle the increase in users and the increase in utilization.

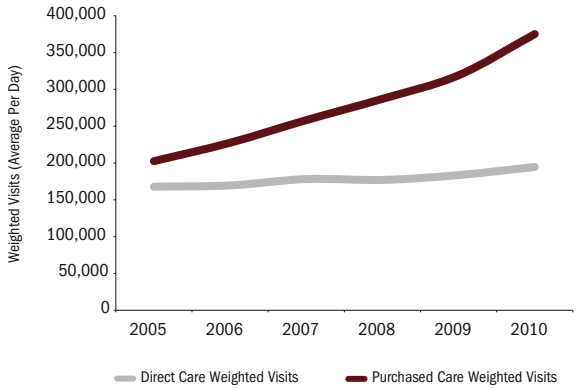
MHS Enrollment Trends



Medical & Dental Treatment Facilities



MHS Outpatient Weighted Visits

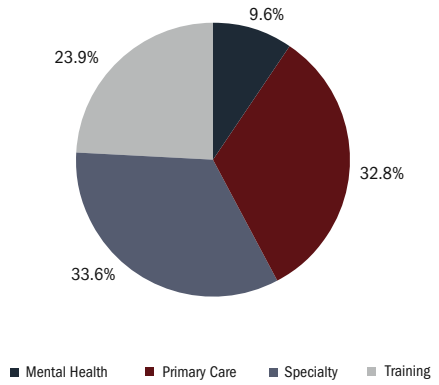


6.0

MHS by the Numbers – The Direct Care Health Team

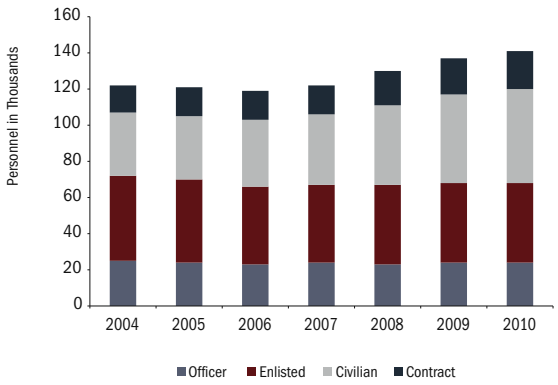
The MHS is one of the largest health care systems in the world, employing almost 140,000 military, civilian and contract personnel who work in the Military Treatment Facilities and other MHS settings around the globe. This team works in partnership with a network of more than 380,000 civilian providers.

Distribution of Active Duty Health Care Providers



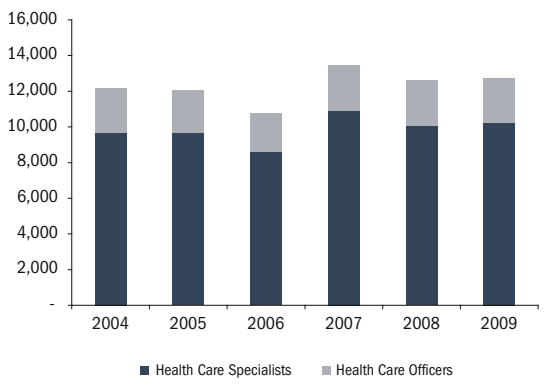
The MHS employs over 14,000 active duty providers. The primary care team now includes over 1,300 physicians assistants and nearly 500 nurse practitioners, in addition to 2,900 primary care physicians. There are almost 1,400 active duty mental health providers and nearly 5,000 physicians from other specialties. Close to 25% of providers are in formal post-graduate training.

Total MHS Workforce



The total MHS workforce now includes more civilian and contract employees.

Total of MHS Personnel Deployed



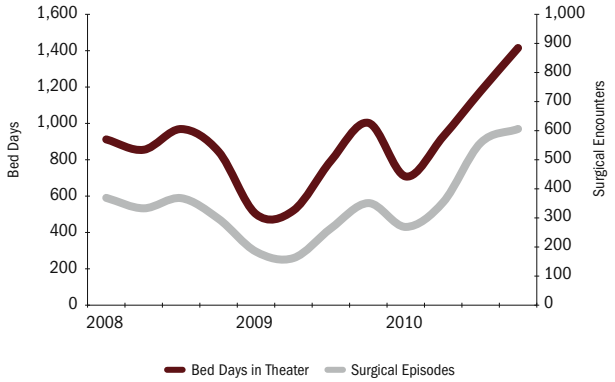
Nearly 10% of the entire workforce has been deployed in support of combat operations at any given time over the past 8 years.

6.0

MHS by the Numbers – Casualty Care

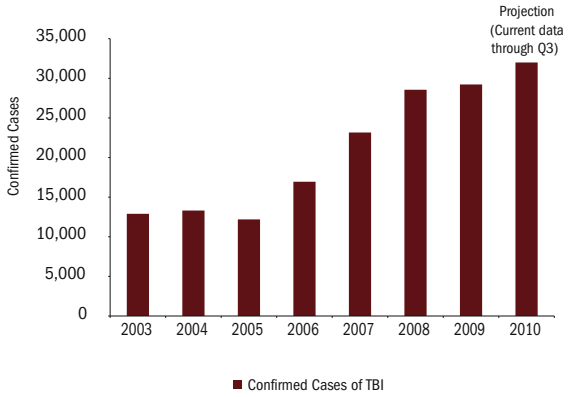
Over the past nine years the MHS has provided continuous medical support for combat operations; the use of improvised explosive devices in Iraq and Afghanistan has resulted in a large number of traumatic brain injuries, amputations and extremely complex injuries.

Bed Days & Surgical Episodes in Theater



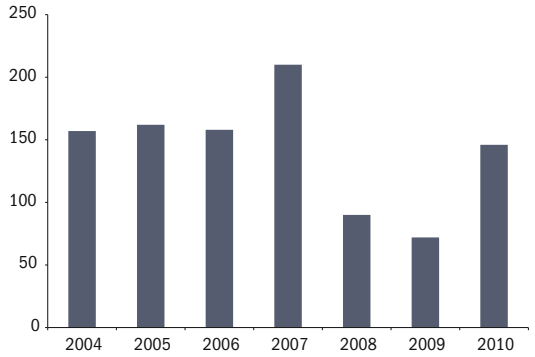
Since the beginning of 2010 there has been more than a 50% increase in theater surgical episodes and hospital bed days per quarter.

Traumatic Brain Injuries (TBI)



The number of confirmed cases of Traumatic Brain Injury has continued to increase.

Amputees with Major Limb Amputations
(Operations Enduring & Iraqi Freedom)



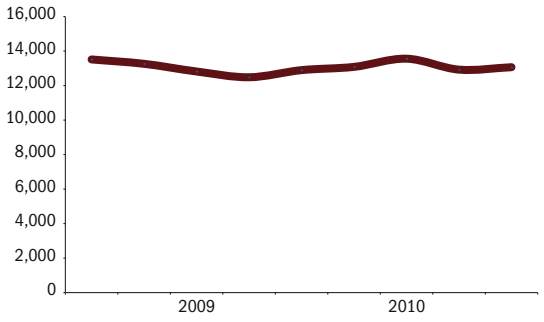
After a decline in 2008 and 2009, the number of major limb amputations increased in 2010 as operations in Afghanistan intensified.

6.0

MHS by the Numbers – Care in the Theater of Operations

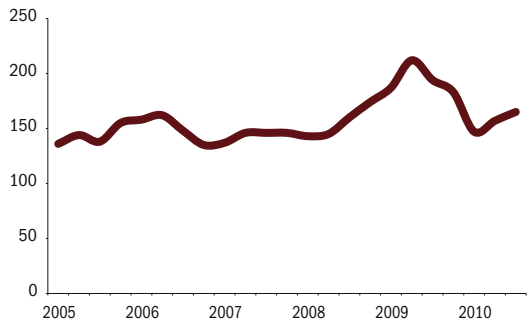
The ongoing wars in Iraq and Afghanistan continue to produce both physical and emotional injuries. With the recent increase in intensity of operations in Afghanistan, the number of casualties has increased.

Mental Health Encounters in Theater



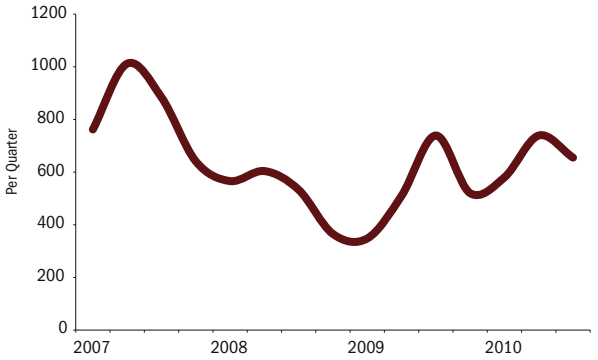
Each quarter approximately 5,000 deployed service members receive about 14,000 mental health encounters while in the theater of operations.

Mental Health Evacuations from Theater



The number of service members evacuated from the theater of operations due to mental illness peaked in 2009 and began to decline, but the most recent data suggest that it may be rising again.

Battle Injuries



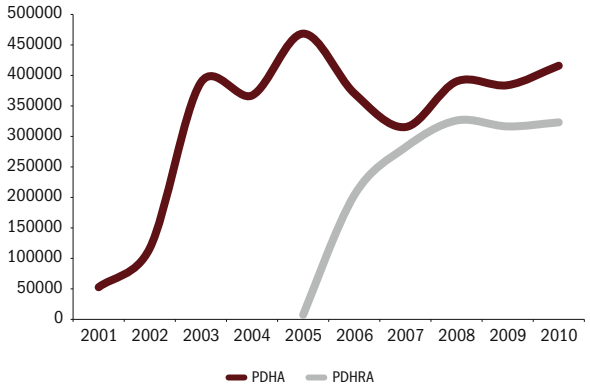
Following a drop in 2008, the number of battle injuries has risen in 2009 and 2010.

6.0

MHS by the Numbers – Life Cycle Care

Continuous combat operations over the past nine years have placed increased demands on the health system for health assessments, more complex inpatient care and disability evaluations.

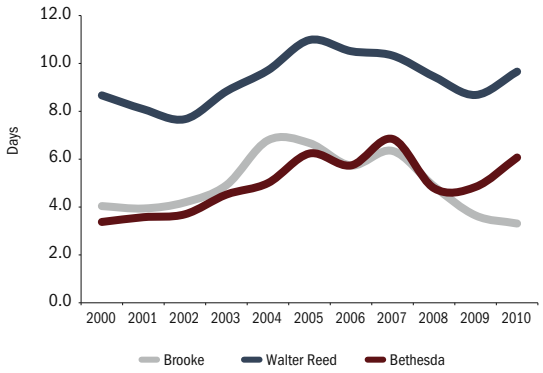
Post Deployment Health Assessments (PDHA) & Post Deployment Health Reassessments (PDHRA)



In 2010, the MHS conducted over 700,000 post deployment screenings as part of the program for identification and management of deployment-related conditions.

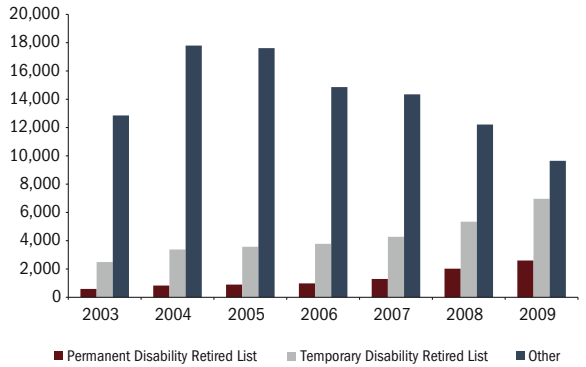
Average Inpatient Length of Stay

(Active Duty at the Three Largest Casualty Receiving Centers)



Average length of stay for active duty members at the major casualty care receiving centers increased during the most intense operations in Iraq and declined following the surge. Length of stay is once again increasing as operations intensify in Afghanistan.

Disability Evaluation System Dispositions



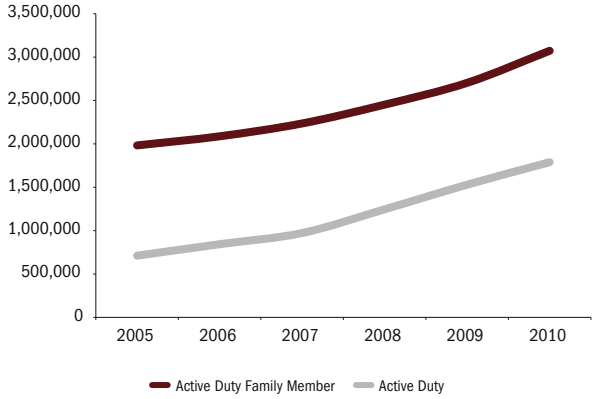
Over the past several years, the number of service members receiving a medical retirement has increased. The number of service members who enter the disability system but do not receive a medical retirement has declined.

6.0

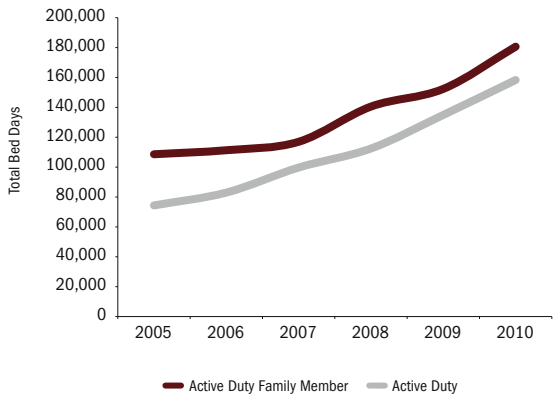
MHS by the Numbers – Behavioral Health Care

Over the past five years, service members and their families have sought and received an increasing number of mental health services. Since 2005, the annual cost of behavioral health care for the force and their families has increased from 500 million to over $1 billion.

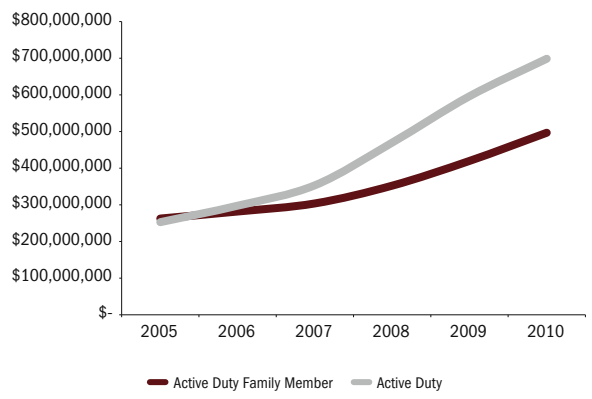
Behavioral Health Outpatient Visits/Encounters



Behavioral Health Inpatient Days



Total Spending on Behavioral Health



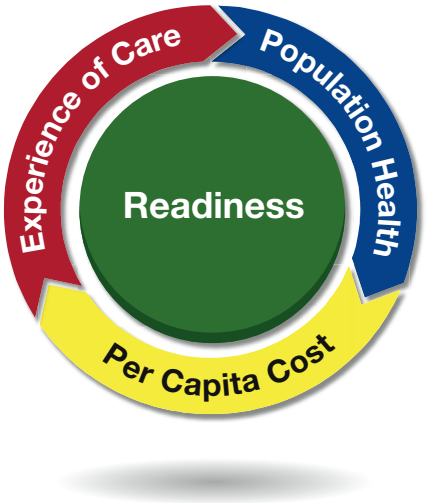
7.0

Monitoring Our Strategic Performance

The centerpiece of the MHS strategy is the Quadruple Aim — readiness, better care, better health, responsibly managed costs.

In 2010 the MHS created a performance management framework based on The Quadruple Aim, designed to put strategy to action. Over the past 12 months we have worked diligently to finalize over 15 performance measures, established baselines and set aggressive targets extending out to 2014.

Over the next few pages we will describe our vision and show some of the indicators that we use to determine our success in achieving The Quadruple Aim.



The MHS Quadruple Aim:

Readiness

Ensuring that the total military force is medically ready to deploy and that the medical force is ready to deliver health care anytime, anywhere in support of the full range of military operations, including humanitarian missions.

Population Health

Reducing the generators of ill health by encouraging healthy behaviors and decreasing the likelihood of illness through focused prevention and the development of increased resilience.

Experience of Care

Providing a care experience that is patient- and family-centered, compassionate, convenient, equitable, safe and always of the highest quality.

Per Capita Cost

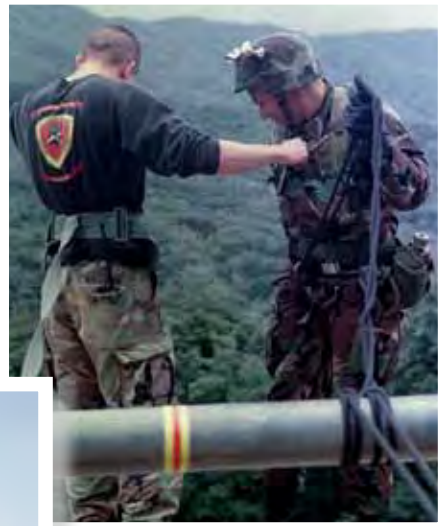
Creating value by focusing on quality, eliminating waste and reducing unwarranted variation; considering the total cost of care over time, not just the cost of an individual health care activity.

7.0

Monitoring Our Strategic Performance

Readiness

We maintain an agile, fully deployable medical force and a health care delivery system so that we can provide state-of-the-art health service anytime, anywhere. We use this medical capability to treat casualties and restore function and to support humanitarian assistance and disaster relief, building bridges to peace around the world. In addition, we partner with commanders and individual service members to create and sustain the most healthy and medically-prepared fighting force to build resilience and achieve total force fitness.



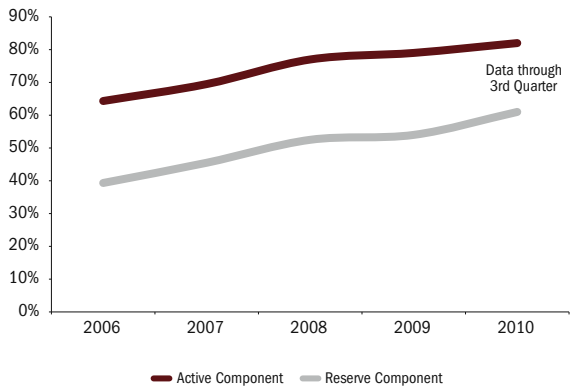
7.0

Monitoring Our Strategic Performance

Readiness – Casualty Care from Prevention to Rehabilitation

To accomplish our medical readiness mission, we must ensure that the force is medically ready to deploy and that the health team is ready to provide the full spectrum of health services from battlefield casualty care to rehabilitation and reintegration services for the most severely injured.

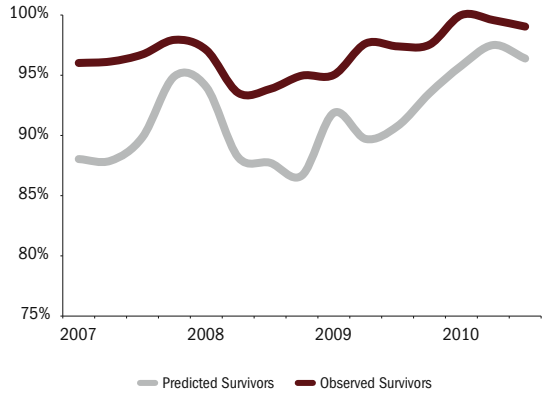
Individual Medical Readiness



Overall, we have seen steady improvement in Readiness with focused service efforts starting to narrow the gap and address our biggest challenge, periodic health assessments and dental readiness in the Reserve and Guard components.

Observed vs. Predicted Survival Rate

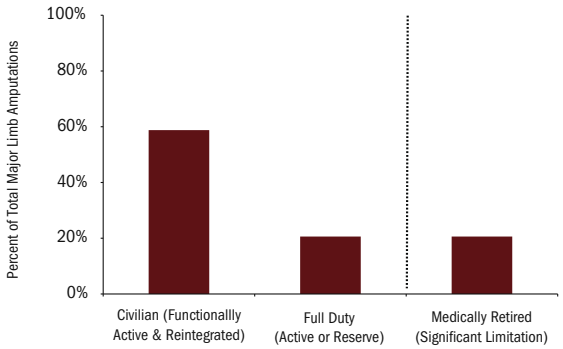
(Battle Wounds in Operations Enduring & Iraqi Freedom)



Our providers have consistently demonstrated trauma care outcomes in Theater that exceed those of the best trauma centers in America.

Amputee Functional Reintegration Rate

(Cummulative as of 30 September 2010)



Of those major limb amputees for whom we know the status, 80% have been retained on active duty or returned to full-time civilian work, education or parenting activities.

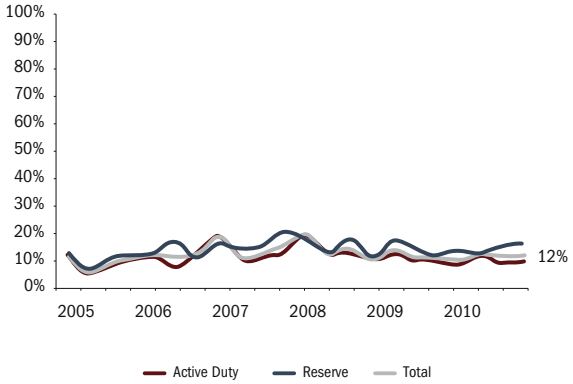
7.0

Monitoring Our Strategic Performance

Readiness – Managing Psychological Injuries

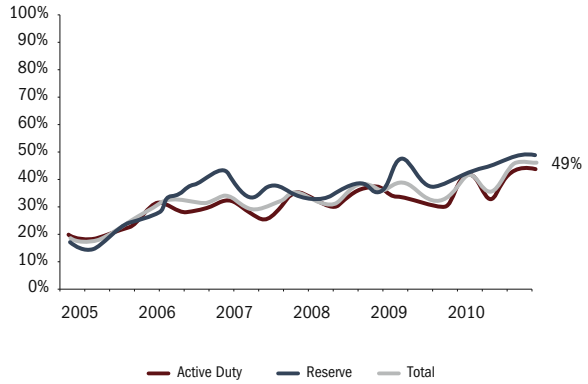
Over the past five years, the MHS has implemented a comprehensive health assessment program that includes mental health screening. The assessment process often results in a referral for a more complete diagnosis and, if indicated, ongoing treatment.

Post Traumatic Stress Disorder Screening Rate



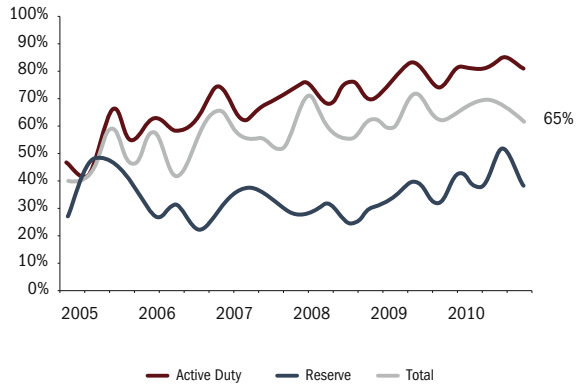
Over the past five years, the rate of positive screens for Post Traumatic Stress Disorder has varied between 10% and 20% among service members returning from deployment.

Post Traumatic Stress Disorder Referral Rate



The rate at which a positive screen results in a referral for additional care has risen from 20% to 50%.

Post Traumatic Stress Disorder Engagement Rate



The percent of service members with a documented mental health visit following a referral has risen from 40% to over 65%. Our data does not reflect those who chose to seek care from a chaplain, Military OneSource or even the Veteran's Affairs so the true rate of engagement is higher.

7.0

Monitoring Our Strategic Performance

Population Health

Improved health is the result of an effective partnership between a health system and a person. Healthy behaviors improve quality of life. Alternatively, such unhealthy behaviors as smoking, over-eating, a sedentary lifestyle, alcohol abuse and family violence reduce well-being and readiness. The MHS strives to engage with all beneficiaries and enable them to take control of their health, so that together we create a more robust and resilient military community.

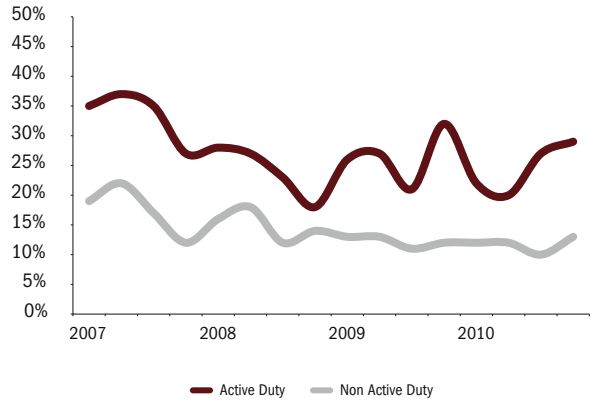
7.0

Monitoring Our Strategic Performance

Population Health – Reducing Health Risks

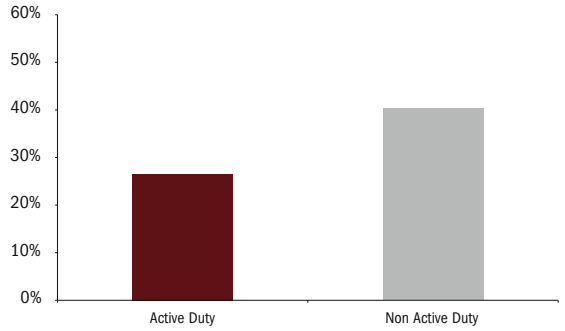
Our efforts to educate beneficiaries and encourage healthy behaviors have yielded positive results in most areas. However, for true breakthrough performance we must do a better job in understanding the relationships and interactions between our high-risk populations and ultimately what drives their lifestyle choices.

Smoking Rates for Ages 18-24



The 18-24 year-old active duty members' smoking rate is higher than for non-active duty beneficiaries.

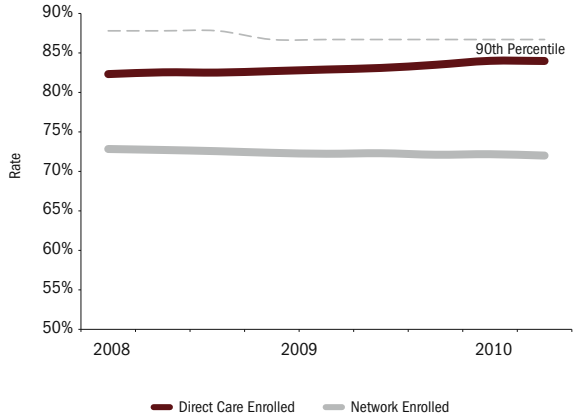
Prevalence of Obesity in Adults (Ages 40-49)



Rates as of 3rd Quarter, 2010

The average active-duty rate of obesity is significantly lower compared to retirees of the same age. There may be an opportunity to intervene to prevent waistline growth with retirement.

Cervical Cancer Screening Rate



Women are more likely to have a documented cervical cancer screening if they are enrolled to one of our military treatment facilities.

7.0

Monitoring Our Strategic Performance

Experience of Care

Our beneficiaries deserve care that is safe, high quality, equitable and evidence based. They deserve access to health care in a reasonable timeframe, without administrative hassles. Our patients have unique needs and they should have the freedom to choose from a variety of quality providers who can deliver individualized solutions. As we prepare for the future, we strive to see through the eyes of our beneficiaries in order to design our systems of care to meet their expectations. We will demonstrate how our quality compares with the best of civilian health care.

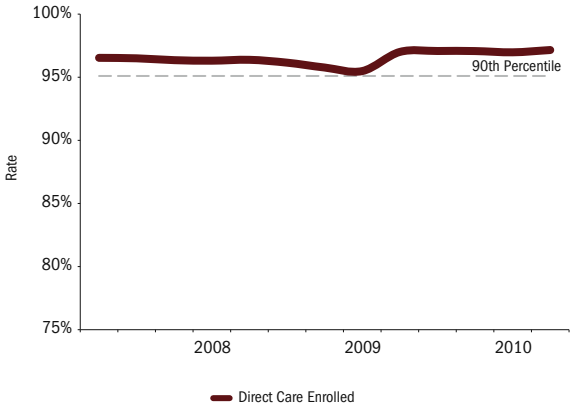
7.0

Monitoring Our Strategic Performance

Experience of Care – Clinical Quality and Safety

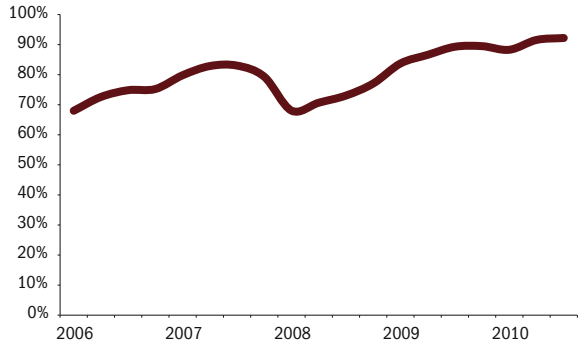
Overall the MHS is performing at or above national benchmarks on selected measures of evidence-based care, though even better performance is possible.

Appropriate Treatment of Asthmatic Patients



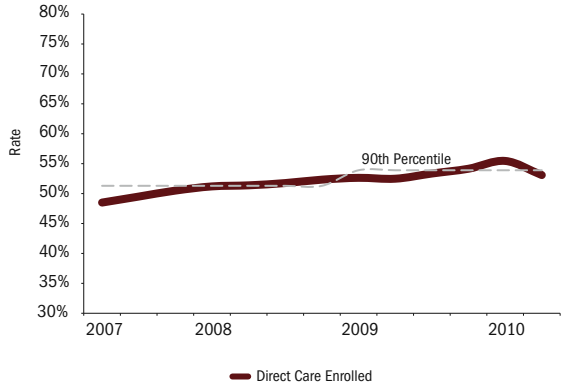
The MHS' commitment to the evidence-based guidelines for asthma treatment has resulted in performance better than 90% of U.S. health systems.

Antibiotics Administered Within 1 Hour of Surgical Procedure



The MHS is ensuring the administration of antibiotics within one hour prior to surgical incision in accordance with the best medical evidence. Our goal is 100% compliance.

Management of Lipids in Diabetics (LDL < 100mg/dL)



The MHS is striving to ensure that the lipid levels of diabetic patients are well managed, but this has proven more challenging than some other measures.

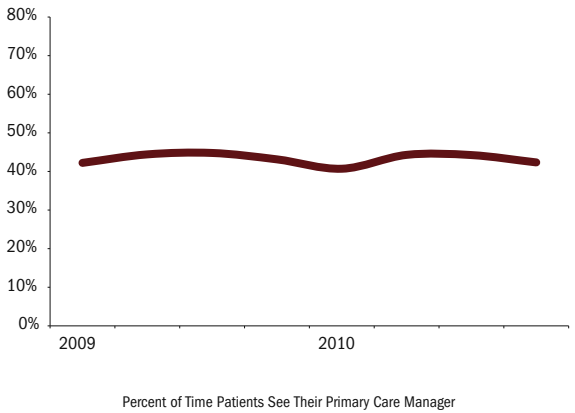
7.0

Monitoring Our Strategic Performance

Experience of Care – Access and Continuity

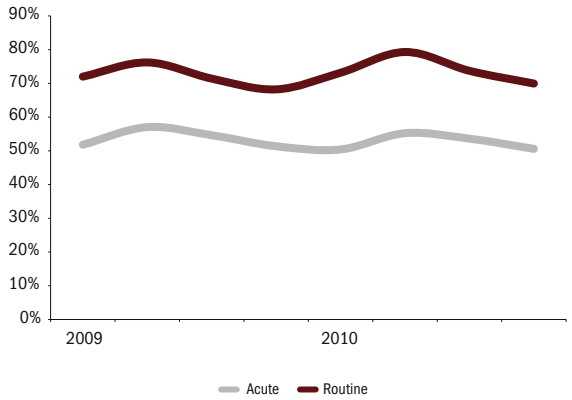
As we reengineer primary care and implement Patient-Centered Medical Homes, our goal is for each enrollee to be able to have timely access and receive most of their primary care at their enrollment site.

Primary Care (PCM) Continuity



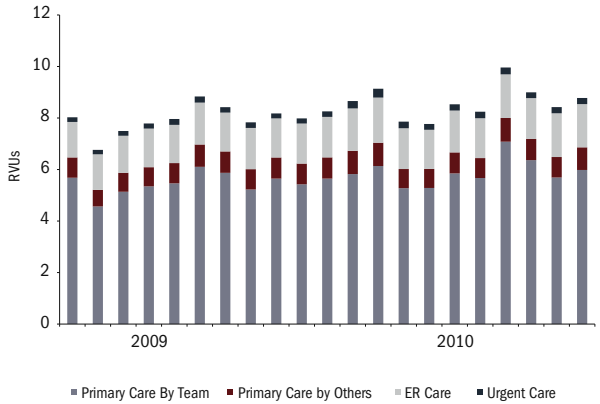
On average, enrollees to military treatment facilities see their assigned primary care manager less than half of the time.

Third Available Primary Care Appointments (Routine & Acute)



At over 50% of MTF primary care clinics, if a beneficiary calls for an acute appointment they will be offered at least three options within 24 hours.

Potential to Recapture Primary Care Workload



Our enrollees are receiving as much as 25% of their primary care outside of their enrollment site.

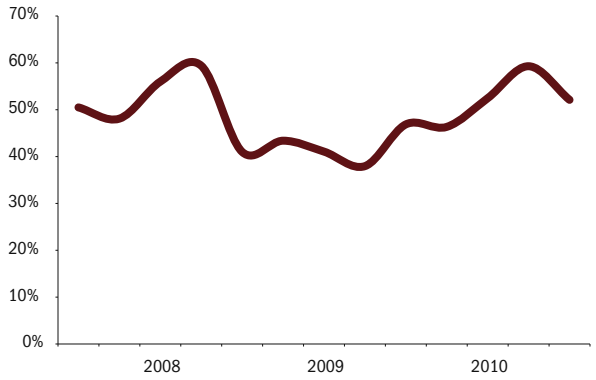
7.0

Monitoring Our Strategic Performance

Experience of Care – Satisfaction

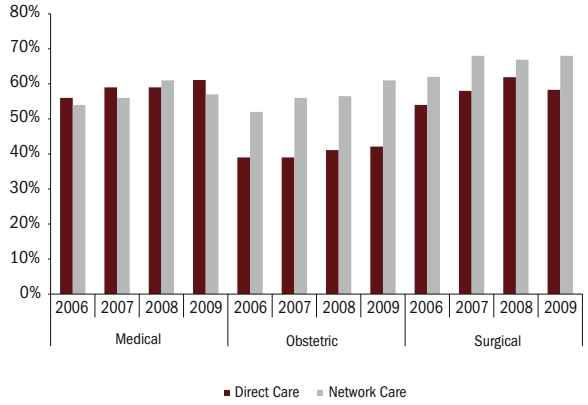
The MHS maintains a focused effort to monitor and improve our patients' satisfaction with care. As a result, we are now seeing incremental improvements.

Favorable MEB Experience



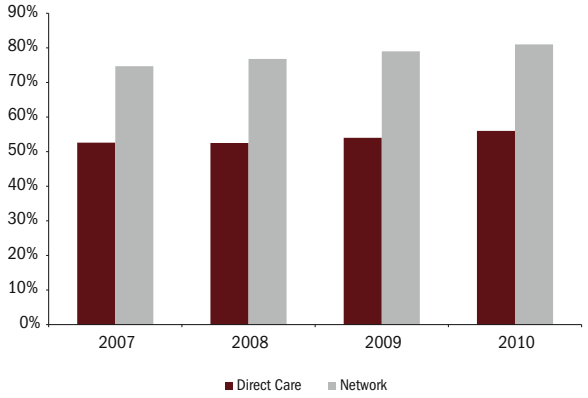
Service members who are in the disability evaluation process report that their experience is favorable about 50% of the time.

Satisfaction with Inpatient Care
(Overall Hospital Rating)



Patients receiving obstetrical care at TRICARE network hospitals report higher satisfaction with health care.

Satisfaction with Health Care



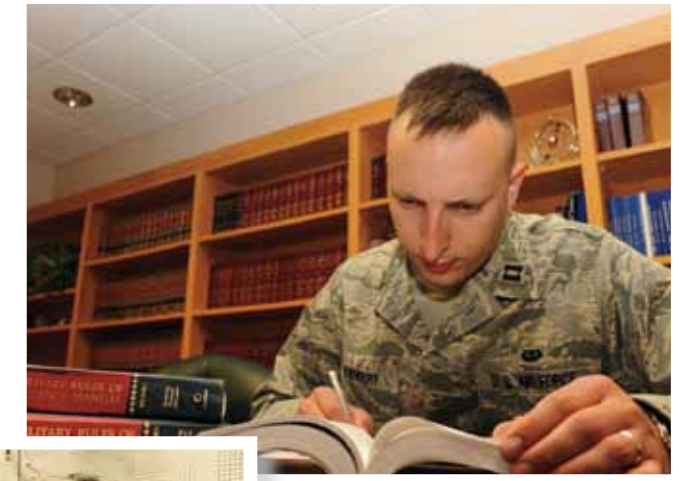
Patients enrolled to TRICARE network providers report a higher satisfaction with health care.

7.0

Monitoring Our Strategic Performance

Managing Per Capita Cost

We create value by enhancing readiness, improving population health and enhancing the experience of care. We reduce the total cost of health services by optimizing our investments in health promotion, prevention and the development of resilience, ensuring access to full spectrum primary care, focusing on quality and reducing unwarranted variation. We also reduce costs by seeking the most competitive prices for purchased services and ensuring the most appropriate venue of care for health care delivery.



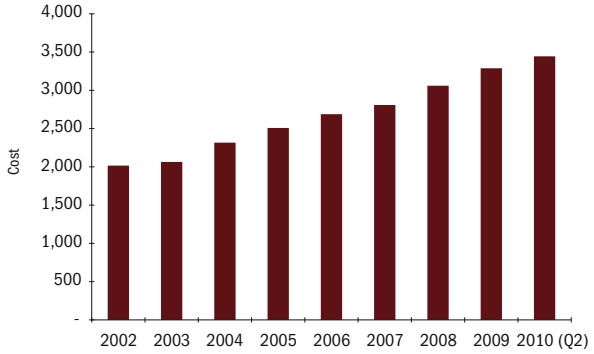
7.0

Monitoring Our Strategic Performance

Managing Per Capita Cost

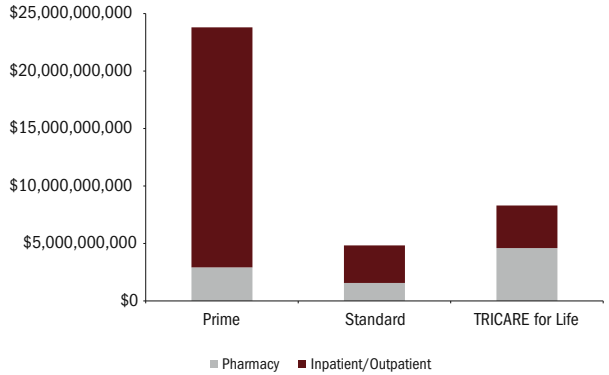
The majority of MHS health care resources are spent on TRICARE Prime enrollees and the per capita costs for Prime enrollees have grown significantly since 2002. Much of that growth has been due to an increase in both the cost of individual ambulatory services and rising ambulatory utilization.

TRICARE Prime Enrollee Cost Per Member Per Year



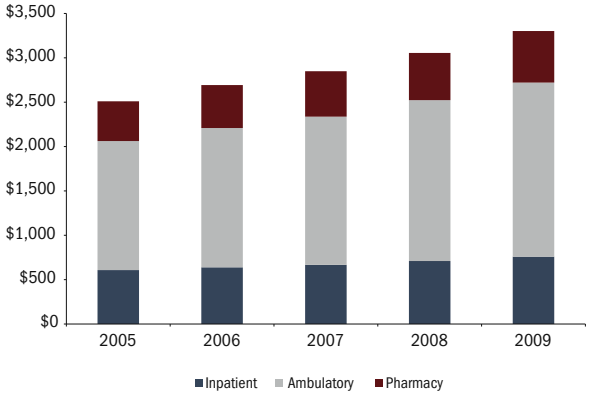
The total cost of providing care for an MHS enrollee has risen by roughly 70% since 2002.

Expense Breakdown by Plan



The MHS invests nearly $25B per year in the care of TRICARE Prime enrollees.

Per Member Per Month Breakdown
(Inpatient, Ambulatory and Pharmacy)



The total cost of providing care for an average MHS Prime enrollee is just over $3,000 annually, with almost two-thirds of the total being for ambulatory services.

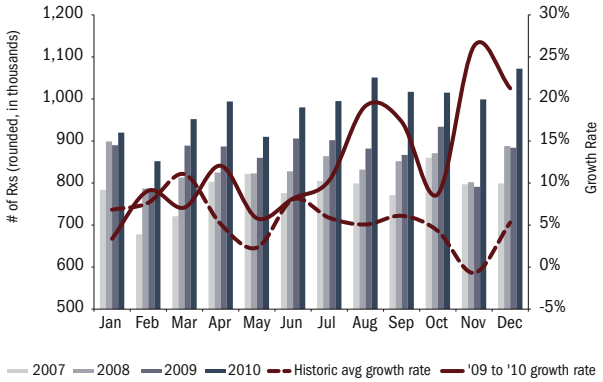
7.0

Monitoring Our Strategic Performance

Managing Per Capita Cost

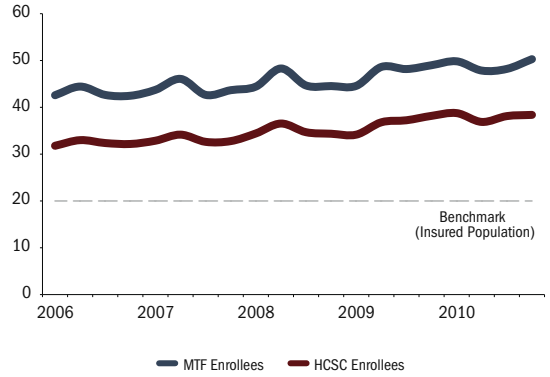
Three viable strategies for controlling costs are greater use of home delivery for prescriptions, reduction in emergency room use and care management.

Home Delivery Growth Trend
(Year over Year)



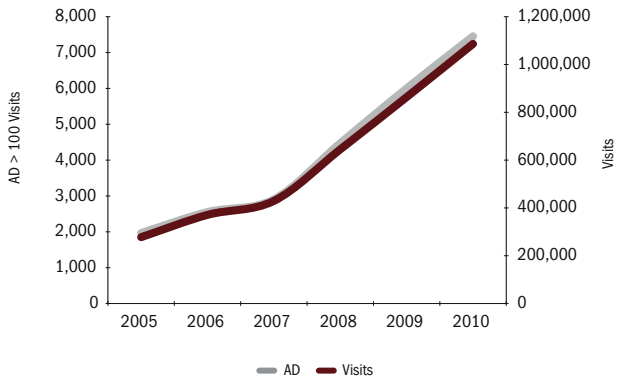
Savings from home delivery prescriptions have been significant, and the use of this venue for delivery continues to increase.

Emergency Room (ER) Utilization



Emergency room utilization for Prime enrollees continues to climb and is more than double the rate of insured individuals in the United States.

Active Duty Members > 100 Visits in Fiscal Year



The number of active duty members with greater than 100 visits in a year has more than tripled over the last five years, while care associated with those patients now accounts for more than one million visits per year.

7.0

Monitoring Our Strategic Performance

Learning and Growth

The MHS strives to lead the world in training for combat casualty care and delivering humanitarian assistance. We seek to serve as both a global and national leader in the management of combat-related conditions, that includes (but is not limited to) infectious disease, psychological health, eye injuries, traumatic brain injury and amputations.

We focus our education and research efforts on serving unique military missions. Our medical research leads to discoveries that benefit the world. We share our knowledge and discoveries freely with our military and civilian colleagues.

The MHS demonstrates that in addition to training experts and managers, its real value is in training leaders. We reflect our success in the quality of the people who select the MHS as their employee of choice.

7.0

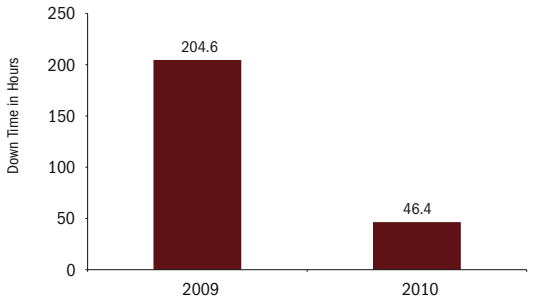
Monitoring Our Strategic Performance

Learning and Growth

To be a true learning organization that can sustain and improve performance over time, the MHS must deliver information effectively to inform better decisions. We are working hard to improve the reliability, speed and utility of our electronic health record. Information will lead to better performance if it is delivered in a usable way to a capable and committed workforce. We need to ensure we are recruiting and retaining the best possible health team members.

Armed Forces Health Longitudinal Technology Application (AHLTA)

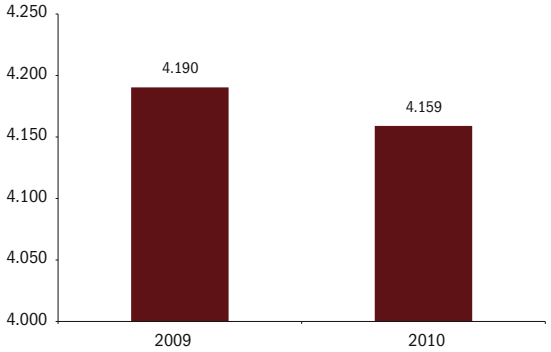
Clinical Data Repository Reliability



Between 2009 and 2010, there has been a significant reduction in AHLTA down time.

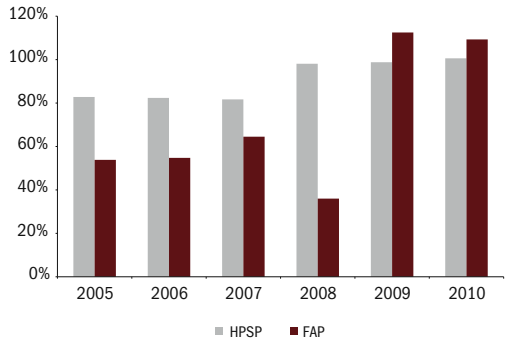
AHLTA Average Speed

(Screen Refresh Time in Seconds)



The screen refresh time for AHLTA remains above four seconds for complex tasks.

Health Professions Scholarship Program (HPSP) and Financial Assistance Program (FAP) Fill Rates



Following increases in bonuses and stipends in 2008, both HPSP and FAP fill rates are approaching 100%.

8.0

Scanning the Environment for Future Challenges

Population Health Trends

- If current trends continue, as many as one in three adults could have diabetes by 2050 (CDC)
- 42 percent of the U.S. adult population may be obese by 2050 (MIT/Harvard study)
- The population age 65 and older as a percentage of the population aged 20-64 is projected to rise from just over 20 percent today to over 35 percent by 2035

DoD Health Care Spending Trends

- Approximately 9 percent of the total DoD budget ($712B) will be spent on health care
- Absent any changes in health care policy, this amount is expected to grow to $70B (over 12 percent of the total DoD budget) by 2020
- The Secretary of Defense intends to cut DoD budget growth from 3.5 percent per year to 1 percent per year over the next several years

National Health Care Reform

- With expanded coverage of 35 million Americans, there is predicted to be a shortage of primary care providers creating challenges for access
- Opportunities to experiment with innovative care delivery models and methods of reimbursement
- Likely rapid expansion of the Patient-Centered Medical Home in primary care will influence planning for the next generation of TRICARE contracts

9.0

A Look at the MHS Strategic Initiatives for 2011

Readiness

- Supporting psychological health and resilience for the force and their families
- Improving individual medical readiness

Population Health

- Reducing obesity
- Reducing tobacco use

Experience of Care

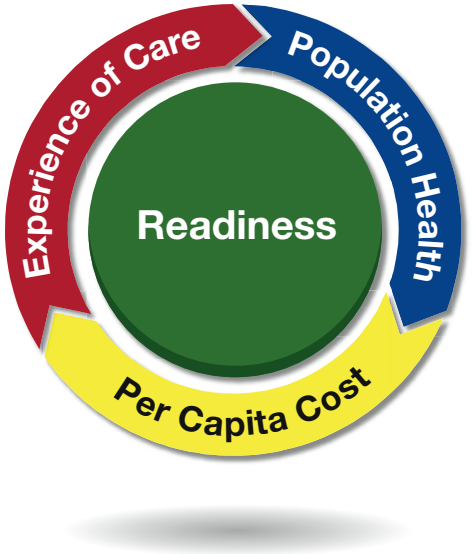
- Implementing Patient-Centered Medical Home
- Improving care coordination for patients with complex medical and social problems

Per Capita Cost

- Implementing value-based reimbursement
- Reducing emergency department utilization
- Reducing waste by focusing on clinical variation
- Reducing pharmacy expenditures by increasing home delivery and appropriate use of generics

Learning and Growth

- Centers of Excellence
- EHR Way Ahead
- Complete implementation of BRAC



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